

# American

## NEWS & VIEWS

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## Secretary Clinton Says Trade Pact Would Boost U.S. and Korean Economies

By Merle David Kellerhals Jr.  
Staff Writer

Washington — The United States and South Korea have one of the most vibrant trading relationships in the world, says Secretary of State Hillary Rodham Clinton, and the proposed free trade agreement would expand trade and also expand economic growth.

The United States and South Korea accounted for nearly \$88 billion in two-way trade in 2010. Korea is the United States' seventh-largest trading partner, and the United States is South Korea's third-largest trading partner, Clinton said in a speech to the American Chamber of Commerce April 17 in Seoul.

According to the U.S. International Trade Commission, the reduction of Korean tariffs and quotas on goods alone would add \$10 billion to \$12 billion to the annual U.S. gross domestic product and approximately \$10 billion in annual merchandise exports to Korea.

Korean economists estimate that South Korea would experience a surge in new jobs from the trade agreement over a 10-year period, with approximately 270,000 new jobs in the services sector, 79,000 new jobs in manufacturing and 10,000 in agriculture.

"But the truth is we know we can do more and create more jobs if we can lower the barriers to trade between our countries," Clinton said.

Clinton met April 17 with South Korean Foreign Minister Kim Sung-hwan and with Korean President Lee Myung-bak on April 18 during a stopover after attending the NATO foreign ministers' meeting in Berlin. Clinton traveled on to Japan for a visit April 18.

The United States and South Korea signed a free trade agreement, known as KORUS FTA, on June 30, 2007. The agreement would cut tariffs and end barriers to trade and commerce between the two nations, but the U.S. Congress and South Korea's National Assembly must give it final approval.

Clinton told American and Korean business executives that the Obama administration is strongly committed to ratifying the trade agreement through the U.S. Congress by the end of this year.

"We are very committed to expanding jobs in the United States and in our trading partners," Clinton said. "We think that what is happening here is vital to America's economic renewal."

East Asia is home to four of the United States' 10 largest trading partners, and the entire Asia-Pacific region represents the fastest-growing export market for the United States.

"We are also working to strengthen Asia's regional economic architecture," Clinton said. "We are pushing to advance economic integration, remove trade barriers, and make sure that our national regulations line up in a way that encourages trade."

The agreement, which would be the largest of its kind for the United States since the 1994 North American Free Trade Agreement, could boost the South Korean gross domestic product by approximately 0.6 percent over 10 years, according to Korean news reports.

As the first U.S. FTA with a North Asian partner, KORUS could become a model for trade agreements for the rest of the region, according to the U.S. trade representative's office. It underscores the U.S. commitment to the Asia-Pacific region, the USTR said.

## NATO Reaffirms Libya Group's Call for Qadhafi to Step Down

By Stephen Kaufman  
Staff Writer

Washington — Foreign ministers representing the 28 members of NATO met in Berlin April 14-15 and endorsed the Libya Contact Group's April 13 call for Muammar Qadhafi to immediately step down from power and for his supporters to end their attacks on Libyan civilians.

U.S. Assistant Secretary of State for European Affairs Philip Gordon told reporters in Washington April 18 that the NATO meeting served to reaffirm and follow up on the contact group's statement.

The contact group, a coalition of Arab and non-Arab representatives that is leading international efforts to map Libya's future, met in Doha, Qatar, and demanded "an immediate end to all attacks against civilians, and for Qadhafi and his regime to pull back all regime forces from Libyan cities they have forcibly entered, occupied or besieged."

The group's statement said Qadhafi's continued presence in Libya "would threaten any resolution of the crisis" and it called on "all Libyans who wanted to see a process of political transition to urge Qadhafi to step down."

In Berlin, Gordon said, NATO allies "agreed very specifically to maintain a high operational tempo against legitimate targets, and to exert this pressure as long as

necessary” until they have met their military objectives of ending the threat of attacks against Libyan civilians; having pro-Qadhafi forces withdraw to their bases; and allowing humanitarian organizations to have immediate access to the Libyan people.

NATO assumed command from the United States of the mission to enforce a no-fly zone over the country and protect Libyan civilians, as authorized by the United Nations and the Arab League.

Gordon said the United States “was very much in the lead” during the initial phase of the campaign, using its air assets and cruise missiles against Qadhafi’s air-defense systems, but said President Obama and other U.S. officials “made clear from the start that after the initial phase of the campaign ... eventually the United States was going to transition to NATO and focus its contributions on our unique capabilities: intelligence, surveillance and reconnaissance, [and] air refueling.”

The United States is continuing to do “the bulk” of that mission since the March 31 handover, he said.

“That is what we said we would do in advance. That is exactly what we are doing,” he said. The Obama administration is confident that its NATO allies and its Arab and other partners in the campaign have “the capabilities to successfully conduct the rest of that operation.”

Gordon said the United States and its NATO allies “will continue to strive to make sure NATO is acting as effectively and efficiently as possible,” including adapting to changes in tactics used by Qadhafi’s forces.

According to an April 15 NATO communiqué at the conclusion of the meeting in Berlin, Secretary-General Anders Fogh Rasmussen said the organization and its Arab and other operational partners are in agreement over the military objectives in Libya.

“NATO is absolutely determined to continue its operation for as long as there is a threat against Libyan civilians, and it is impossible to imagine that threat [will] disappear with Qadhafi in power,” Rasmussen said.

Secretary of State Hillary Rodham Clinton said April 15 that she and the other NATO foreign ministers had strongly endorsed the Libya Contact Group’s statement calling on Qadhafi to leave power. “A democratic transition must take place that reflects the will of the Libyan people,” she said.

“I think the bottom line is that here at NATO we achieved a solid and sustainable consensus on our objectives and what it will take to achieve them,” Clinton said.

## **U.S. Says IMF, World Bank “Vital” to Address Global Challenges**

By MacKenzie C. Babb  
Staff Writer

Washington — The International Monetary Fund and World Bank are “vital for addressing the challenges of today and those that lie beyond the horizon,” says U.S. Treasury Secretary Timothy Geithner, as the two world lenders convened in Washington for their annual spring meetings.

The organizations’ “vital role in multiple and varied circumstances — from fragile states to the global financial crisis; from security to climate change; and now to support historic transformations in the Middle East and North Africa — underscore why these development banks are worthy of our strong support,” Geithner said in a statement to the IMF and World Bank Group Development Committee Meeting April 16.

The committee released a communiqué after the meeting, which was held to discuss key global development issues, a main focus of the spring meetings.

The release emphasized the committee’s continued commitment “to ensuring sustainable, balanced and inclusive growth” around the world.

IMF First Deputy Managing-Director John Lipsky emphasized this message, highlighting the importance of sustained, rapid and inclusive growth as the only way out of poverty for low-income citizens of developing economies.

He said at a news conference April 16 that the IMF will “continue to work with our developing countries members to help institute appropriate macroeconomic policies, and work with our partners in the World Bank to promote structural reform that will help make growth both inclusive and sustainable.”

The development committee commended developing countries for playing a large part in strengthening the global economy as it recovers from the international financial crisis. However, the group expressed concern that these economies are beginning to overheat in sectors such as food and energy, “resulting in price pressures and volatility, putting developing countries and especially their most vulnerable populations at risk.”

Bahrain’s finance minister, Ahmed bin Mohammed Al Khalifa, chairman of the committee, said at a press conference April 16 that recent food and energy price increases, coupled with the global economic crisis, “are among the factors that have slowed developing countries’ progress toward achieving the Millennium Development

Goals.”

World Bank President Robert Zoellick said successes in achieving the goals thus far have included halving global poverty, as well as making substantial progress on achieving gender parity in primary and secondary education, improving access to safe drinking water and overcoming many of the worst cases of hunger.

However, he said, the global community likely will miss targets on access to sanitation and child and maternal mortality, and he highlighted that no conflict-affected country has attained even one of the goals. Zoellick called for a concerted international effort to make more progress in fragile states ahead of the 2015 deadline.

Geithner urged the IMF and World Bank to focus efforts on the Middle East and North Africa to “lay the groundwork for more inclusive, sustainable growth and private sector-led job creation,” as well as to support democratization by promoting “a robust civil society as well as good, accountable and transparent governance.”

He said the international community depends on the groups to lead efforts in tackling other global challenges, such as combating climate change and improving international security.

“With domestic resources constrained, no other institutions so effectively leverage our limited resources and provide such a positive impact on the ground in service of our national and global interests,” Geithner said.

The IMF and World Bank Group next will meet September 23 in Washington.

### **AGOA Is Cornerstone of U.S.-Africa Policy, Says Trade Group Head**

Washington — Africa is among the significant priorities of the United States, and the African Growth and Opportunity Act (AGOA), a pivotal economic development program, stands as a “cornerstone” of U.S. policy across that region, says Stephen Hayes, president of the Corporate Council on Africa (CCA).

Speaking April 15 at the Brookings Institution in Washington, Hayes said, “The U.S.-Africa relationship is vital to the long-term interest of the United States,” and both the United States and Africa benefit from AGOA.

The Brookings program, which focused on AGOA and its impact on enhancing trade, previewed the 10th annual United States-Sub-Saharan Africa Trade and Economic Cooperation Forum, known as the AGOA Forum, which

convenes in Lusaka, Zambia, in June. Also on the panel were Florizelle Liser, the assistant U.S. trade representative for Africa, and Felix Mutati, minister of commerce, trade and industry for Zambia, whose country is this year’s host.

Addressing American and African trade specialists, business executives and diplomats, Hayes said: “AGOA has been a tool of effectiveness, very high effectiveness for some countries and very low for others — that is the reality. The politics of AGOA, I think, are very good. AGOA and MCC [Millennium Challenge Corporation] are the cornerstones of American policy in Africa right now.”

AGOA provides an opportunity for the United States to work with Africans to develop Africa in line with their wishes, and also to help Africa develop in terms of America’s social and economic and political policy, Hayes said.

“We have to give the development of the African economy one of our highest national priorities,” Hayes added.

Hayes also called on the United States to further develop its U.S.-Africa trade relationship beyond AGOA to include development of Africa’s private sector.

There is an opportunity for linking small and medium-sized enterprises in the United States and Africa, he said, noting that there is a dearth of these enterprises in most African countries.

“You cannot develop a strong middle class and a stable economy and a stable country without a broader middle class,” he said. “You need that to have that as a tax base. You also cannot develop a tax base on that unless there are jobs and businesses that can provide that. So the development of a viable private sector is of the highest importance.”

Second, he said the development of a regionally focused viable infrastructure is also critical to any significant economic development. For example, he said, railroads in the region must be of the same gauge to facilitate the trading of goods and materials across borders and there must be a regional integration of infrastructure, tax base and customs so goods can move freely and quickly.

“AGOA can’t work ... if you cannot get the products to market,” he said. “You can have all the great legislation in the world, but you have to address the physical realities of making it work.”

Capacity building and investment in education are also important, Hayes said. The United States is a leader in

vocational and technical training, and should be exporting training, not only as a benefit for Africa, but also as a market opportunity for the American educational system, he added.

Access to financing must be addressed, because “Africans have a very difficult time” in this area. “It is virtually impossible for most [Africans] to get financing for any ideas. ... It is also very, very difficult for U.S. companies to get financing to do business in Africa,” he said.

Finally, Hayes said it is essential to remove trade barriers to enhance trade flow.

AGOA is part of the Trade and Development Act of 2000, and it provides beneficiary countries in sub-Saharan Africa that do not already have a free trade agreement with the United States liberal access to U.S. markets. It reinforces African reform efforts, provides improved access to U.S. credit and technical expertise, and establishes a high-level dialogue on trade and investment in the form of the annual U.S.-Sub-Saharan Africa Trade and Economic Forum.

Even though current trade between the United States and Africa is mostly in oil and minerals, there has been increasing diversification. Total two-way trade between the United States and sub-Saharan Africa increased 57 percent over the first five months of 2010, compared with the same period the previous year, reaching \$33.1 billion. U.S. exports to sub-Saharan Africa rose by 7 percent to \$6.4 billion during the first five months of 2010.

U.S. imports from sub-Saharan Africa increased by 78 percent to \$26.6 billion in the first five months of 2010. AGOA imports increased 74 percent to \$18.8 billion during this period. AGOA non-oil products included vehicles and parts, apparel, jewelry, fruits and vegetables, wines, nuts, spices, baskets, cocoa powder, cocoa paste and seafood.

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